

EXHIBIT II

Wampler Buchanan & Breen

*A Professional Association
Attorneys and Counselors at Law
900 Sun Trust Building
777 Brickell Avenue
Miami, Florida 33131*

(305) 577-0044

FAX (305) 577-8545

April 7, 2000

**CERTIFIED MAIL, RETURN
RECEIPT REQUESTED**

The Honorable Janet Reno
Attorney General
U.S. Department of Justice
10th St. & Constitution Avenue
Washington, D.C. 20530

VIA HAND DELIVERY

Donald K. Stern
United States Attorney
District of Massachusetts
1 Courthouse Way
Suite 9200
Boston, MA 02210

**RE: Qui Tam Action: Drug Manufacturers' False Price Representations
About Medicaid Reimbursed Prescription Drugs Provided By Retail
Community Pharmacies; United States of America, Ex. Rel. Ven-A-
Care of the Florida Keys, Inc. v. APOTHECON et. al.**

Dear Ms. Reno and Mr. Stern:

This law firm represents Ven-A-Care of the Florida Keys, Inc., a Florida corporation, as the Relator in the above-referenced "qui tam" action brought pursuant to 31 U.S.C. §§3729 and 3730. This letter and its enclosures are being served upon you pursuant to the requirements of 31 U.S.C. §3730(b)(2) immediately prior to the filing of the Complaint in camera and under seal with the Clerk, United States District Court, District of Massachusetts.

The enclosed Complaint filed under seal charges, in summary, the following:

This is an action for damages, treble damages, civil penalties and costs against the DEFENDANT DRUG MANUFACTURERS arising from their repeated and knowing reporting and use of grossly inflated, false and fraudulent price and cost records and statements regarding certain of their pharmaceutical products. The DEFENDANTS made falsely inflated reports of prices for the specified pharmaceuticals in order to cause the States' Medicaid Programs to pay claims in excessive amounts. The DEFENDANTS caused pharmacies to receive inflated reimbursement for Medicaid claims as an unlawful financial inducement to

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purchase the DEFENDANTS' drugs instead of those of their competitors. The DEFENDANTS thus caused the federally funded States' Medicaid Programs to pay claims for the DEFENDANTS' specified drugs in amounts that substantially exceeded lawful reimbursement based upon a reasonable estimate of acquisition cost. The DEFENDANTS' actions have caused and continue to cause the State and Federal Governments to incur tens of millions of dollars in damages each year,

The Relator has provided information to the appropriate Government agencies about drug pricing fraud, and its impact on federal programs, on an on going basis for several years. The instant false claims action, however, involves an evolving fraud scheme directed at federally funded State Medicaid Programs that reimburse pharmacies for providing oral prescription drugs to Medicaid recipients by estimating the acquisition cost of the drug and adding a professional fee for dispensing to the drug's cost. The DEFENDANTS have falsely mis-represented to the State Medicaid Programs that they sell the specified drugs to wholesalers for amounts substantially higher than the true price. The DEFENDANTS thus cause the State Medicaid Programs to believe that wholesalers pay much more for the drug than they actually pay and, in turn, sell the drugs to Medicaid provider pharmacies for much more than they actually sell the drugs for.

The Relator, as an industry insider, has access to truthful price information about the specified drugs that is concealed from the Government representatives who determine the amounts paid for claims for prescription drugs. The Relator has voluntarily provided the true price information to the UNITED STATES and has assembled the vast amount of documentary evidence revealing true prices that is provided herewith including, but not limited to, invoices reflecting actual purchases of the specified drugs and price lists and catalogs made available to insiders but not to the Government. In addition, the Relator has reviewed specific price and cost representations made by the DEFENDANTS about the specified drugs to Medicaid reimbursement officials in Texas and other states and have compared those representations with truthful price and cost information available to the Relator as an industry insider. The Relator is a licensed pharmacy that has been a Medicaid Provider and is aware of the methods employed by the DEFENDANTS to induce Medicaid Providers to purchase certain of their drugs rather than those of competitors by building in a fraudulent spread between the prices at which the DEFENDANTS actually sell their drugs and the false prices and costs that the DEFENDANTS report to the Medicaid Programs. The Relator and the undersigned counsel have also met with representatives of the United States Attorney's

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Miami, Florida 33131

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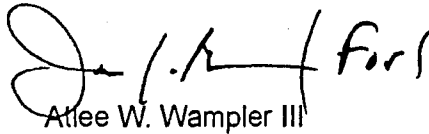
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Office for the District of Massachusetts and provided them with examples of many of the specified drugs together with true prices.

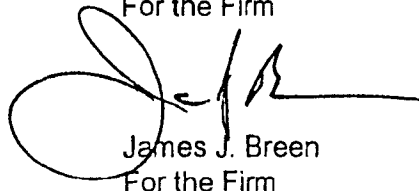
As not above, the false claims scheme is ongoing and evolving. Accordingly, the Relator continued to assemble actual price and cost information relating to additional drugs and potential DEFENDANTS and intends to amend the enclosed Complaint after the additional information is provided to the Government.

Enclosed you will find a copy of the Relator's Complaint and summonses together with material evidence and information possessed by the Relator. In the event that you require any further assistance in your review of the Complaint from the Relator or this law firm please contact either of the undersigned.

Sincerely,



Atlee W. Wampler III
For the Firm



James J. Breen
For the Firm

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777 Brickell Avenue

Wampler Buchanan & Breen

(305) 577-0044

Miami, Florida 33131

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